

VZCZCXR05009
RR RUEHCN RUEHGH RUEHVC
DE RUEHHK #1630/01 2480833
ZNY CCCCC ZZH
R 040833Z SEP 08
FM AMCONSUL HONG KONG
TO RUEHC/SECSTATE WASHDC 5696
INFO RUEHOO/CHINA POSTS COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 03 HONG KONG 001630

SIPDIS

DEPT FOR EAP/CM

E.O. 12958: DECL: 08/18/2018

TAGS: PGOV HK

SUBJECT: HONG KONG LEGCO ELECTIONS: CONVENTIONAL WISDOM
VERSUS APPARENT REALITY

REF: (A) HONG KONG 1281 (B) HONG KONG 1272 (C) 07
HONG KONG 2855 (D) HONG KONG 1599

Classified By: CONSUL GENERAL JOSEPH R. DONOVAN FOR REASONS 1.4 (B) AND
(D)

¶11. (C) Summary and Comment: Polling suggests Hong Kong voters are putting livelihood issues and a candidate's ability to work with Beijing ahead of democratic reform. On this basis, the pro-Beijing Democratic Alliance for the Betterment of Hong Kong, which can provide constituent services through its stronger base in the grass-roots District Councils, should have an advantage over the pan-democrats. However, the word on the street suggests any shift in seats will be small, favor the pro-Beijing camp, but leave the democrats with enough seats to deny the government and its allies the 2/3 majority needed to pass electoral reforms on their own. We expect voter choices in the end will be based mostly on candidate personalities and party "brands", not the economy. The democrats' main hope is to make the election a referendum on government performance and the need for checks and balances. We've detected the first indications that the pan-democratic camp may be ready, after the election, to work with pro-government forces to break the current impasse on constitutional reform. End summary and comment.

Pocketbook over Principles?

¶12. (C) The National People's Congress Standing Committee-approved timetable for electing both the Chief Executive (CE) and Legislative Council (Legco) by universal suffrage deprives the pan-democrats of their marquee issue with the public. Hong Kong people rank the economy and livelihood issues (minimum wage, inflation, labor rights, discrimination, education and social welfare reform) most important, with a Chinese University of Hong Kong (CUHK) poll reporting 74.8 percent of voters interested in candidates, economic programs, versus 6.5 percent focused on universal suffrage. This interest in bread-and-butter issues should favor the Democratic Alliance for the Betterment of Hong Kong (DAB), since its broader representation at the grass-roots District Council level gives it greater opportunities to deliver constituent services. DAB candidate Gary Chan Hak-kan told us that the DAB is the only party with a real economic program aimed at younger voters (he estimates 30 percent of voters are under 30), including education, housing and jobs. That said, no party has distinguished itself among voters with either a detailed economic program or specific measures to alleviate poverty. The only major party not supporting the establishment of a minimum wage for low-paid security guards and cleaning staff is, oddly enough, the Democratic Party.

...or Personality over Pocketbook?

¶3. (C) Instead, the candidates are running on a mixture of their individual appeal (professional and public service experience, political views) as well as a rise in "branding" for parties, with specific parties now recognized as standing for particular goals. For individuals, again according to CUHK polling, the qualities most sought are experience in public service (38 percent), high educational and professional qualifications (14 percent) and acceptability to Beijing (11 percent). Although 58.4 percent expressed dissatisfaction with the legislature, most Legco members whom we expect to lose their seats at the polls will do so because they are second on an electoral slate unlikely to win enough votes to seat two candidates (see ref D). Universal suffrage may not be much of an election issue, but Hong Kong University polling finds sixty percent of voters see individual candidate positions on political issues including democratic development as important to their choice. With regard to branding, a National Endowment for Democracy-funded study conducted by the Hong Kong Transition Project (HKTP) released August 18 shows voters looking increasingly at parties' core positions. On the pan-democratic side, the Civic Party has been a big winner, seen as having a fresh approach to democratic reform and slates of experienced, capable candidates (largely legal professionals). CUHK Professor Ma Ngok argues people are more willing now to admit to supporting a pro-Beijing party, bringing the DAB's formerly low-ball poll numbers up to match the party's actual voter strength. The growth in branding holds both in geographic constituencies and the profession and industry-based functional constituencies; HKTP polling shows

HONG KONG 00001630 002 OF 003

allocations of voter party preferences as consistent in both.

Grass-roots Service No Real Plus

¶4. (C) If the universal suffrage issue is "settled" and the economy trumps political reform for voters, we would expect all parties to use the District Councils (DC), the only other directly-elected posts in Hong Kong, as a training ground for their younger generation. While DC experience may be useful in learning the mechanics of running a political campaign and answering constituents, our contacts across the board nevertheless tell us DC service is not a particular advantage when running for Legco. First, most candidates are DC members, so the title alone does not distinguish a candidate. Second, a district council serves about 17,000 residents (potentially only a few blocks) and cannot propose legislation, leaving little chance for a DC member to make his or her name. Finally, Democratic Party strategist Law Chi-kwong argues that Hong Kong people see Legislative Councilors as an elite who should address bigger issues than the DCs (i.e. fixing potholes doesn't get one to Legco). The Civic Party's Tanya Chan Shuk-chong, a new face widely tipped to win on Hong Kong Island, puts her DC membership far lower on her list of perceived qualifications than her membership in the Civic Party and her support for democratic development. Given their greater prosperity than voters in inland constituencies, Chan reckons local issues count for less among Hong Kong Island voters.

Referendum on CE Tsang

¶5. (C) With democracy issues losing traction, and lacking a coherent economic platform, the pan-democrats' best hope is to make the election a referendum on Chief Executive Donald Tsang Yam-kuen. Tsang's initially popular administration has been battered by a series of public embarrassments, if not outright scandals. The administration responded clumsily to

criticism that its appointment of two new layers of non-career political appointees to government bureaus lacked transparency and appeared to reward political allies. (Note: The Basic Law does not require Legco approval for Executive Branch appointments.) The administration also took flak for Tsang's off-the-cuff announcement that Hong Kong would provide massive reconstruction aid to Sichuan after the administration had rejected poverty alleviation proposals for Hong Kong supported by both political camps in Legco (ref A).

More recently, the government seemed to ignore conflict of interest by approving a retired senior civil servant's employment with a real estate group whose controversial purchase of public land he had approved while in office. The administration appears both inept in developing policy proposals and loath to consult outside its own tight-knit circle of professional civil servants (from which ranks Tsang himself rose) and a few loyal appointees. The pan-democrats use these issues to call for "checks and balances," including their holding on to at least a third of Legco seats to maintain their "blocking minority." This issue may lose force for the pan-democrats following the DAB's own recent call for a Legco review of post-civil service hiring and the larger pro-Beijing camp's more general calls for greater oversight over the administration.

The Logic of Competing Slates

¶6. (C) Conventional wisdom holds that the pan-democrats' decision not to coordinate their campaigns, and particularly the Democratic Party's decision to run multiple slates in the same geographic constituency, was poor electoral strategy. First, we should note that the pro-Beijing camp is just as weak in its coordination, with Regina Ip Lau Suk-yee's electoral slate and her former allies in the DAB at odds on Hong Kong Island and the pro-Beijing Federation of Trade Unions openly competing with the DAB in Kowloon East. Second, the Democratic Party's slates, in addition generally to protecting their incumbents (with one exception noted below), are also often linked to the geographic appeal of specific candidates to specific localities in the larger geographic constituencies (upcoming septel). Finally, Hong Kong's convoluted multiple-seat geographic constituencies (ref D) require a slate to win a huge number of votes in order to elect a second candidate. A candidate is more likely to win (or lose) on his or her own merits if s/he heads a separate slate.

HONG KONG 00001630 003 OF 003

¶7. (C) Even given the risks of putting more than one egg in the same electoral basket, several parties are putting either two incumbents or an incumbent second to a newcomer on the same slate. All parties are talking about bringing up a new generation of leaders, but Civic Party Leader Audrey Eu Yuet-mee and Democratic Party incumbent Yeung Sum both are risking the number two position behind rookies. In Eu's case, Democratic Party strategist Law and others have told us this represents a sincere wish to support Tanya Chan, a confidence that enough of her supporters will fear her losing that the Civic Party will win enough votes to seat both Chan and Eu, and at least partly because Eu might prefer not to be in Legco anymore. For the Democratic Party, Kam is expected to win but Yeung may well lose. DAB's Gary Chan (protect) told us the DAB is too conservative to put a younger candidate first. The DAB also seems willing to sacrifice incumbent seats to guarantee their leaders return to office. Law believes the DAB and Beijing are so keen to have Jasper Tsang Yok-sing (recently relocated from Kowloon West) win on Hong Kong Island and replace Rita Fan Hsu Lai-tai as Legco President that the DAB forced incumbent Choy So-yuk to run on the same electoral slate. Given the competition for pro-establishment votes from Regina Ip, Choy's defeat could actually cost the DAB two Legco votes, since the Legco President votes only in the event of a tie.

The September 8 Question

¶8. (C) Although they could potentially lose as many as four seats, we expect the pan-democrats will retain a weak "blocking minority" (21 votes, sufficient to prevent the government from winning votes requiring a 2/3 majority). If no one will "cross the aisle", continued deadlock on constitutional reform is possible. At present, even the most pragmatic of the democrats cannot publicly repudiate the call for universal suffrage in 2012, despite the fact that Beijing has explicitly ruled out that date. The Civic Party's Tanya Chan was clearly uneasy when asked if the party could compromise with the pro-Beijing camp, and told us she expected the Civic Party would seek consensus among the democrats first. Both HKTP chief Michael DeGolyer and the Democratic Party's Law (strictly protect here and following) told us the Democratic Party, however, was ready to compromise. Law explained that a majority of democrats were willing to accept a modified version of the government's failed 2005 reform package, which would add five seats elected from the geographic constituencies and five functional constituency seats elected by the District Councils. The democrats would insist only directly-elected District Councilors (as opposed to those appointed by the Chief Executive) would be eligible to vote. Law told us most of the support for compromise came from the Democratic Party, while the Civic Party was not yet convinced. His goal is for the majority to proceed with the compromise, while the others keep any criticism relatively moderate.

DONOVAN